please.

10

11

12

13

14

15

16

17

18

19

20

21

221

23

MS. AVERY: Good evening. I'm Terri Avery, I've been in the radio business for the last 25 years working in several of the nation's major markets and now in Charlotte with three stations here owned by Infinity Broadcasting, a division of Viacom.

As operations manager and program director, I'm responsible for everything you hear on WPEG, WBAV and WGIV. I have the final say over the programming, the music, the on-air talent, the station imaging, and the commercial production. But I take input from the music director, the marketing director, the production director, the news and public affairs directors and the on-air personalities at each station. It truly takes a team effort to make our stations sound great.

Our ratings just came in and the people of Charlotte voted WPEG number one and WBAV number four in the Charlotte-Mecklenburg area. And I have to tell you, if it hadn't been for our communities, our African-American communities, this would not happened.

I don't have a big budget to spend on promotions, so everything we do is because we super-serve our communities. And let there be no mistake, our number one 24 goal is to serve Charlotte. Here are some specifics on how we serve Charlotte and the surrounding communities.

WBAV is an urban music radio station and provides live local, state and national news coverage each and every weekday beginning at 5 A. M. on The Front Page with Beatrice Thompson. Our hour-long program provides up-to-the-minute coverage and news and information. And throughout the day WBAV provides news updates. We also interrupt regular programming for breaking news.

On Sundays we have Beatrice Thompson's <u>Straight</u>

<u>Talk</u>, a one-hour public affairs program featuring live
interviews and call-in opportunities for listeners on topics
ranging from healthcare to education.

2d

wpeg is our mainstream urban-formatted music station. Its programming addresses the needs of Charlotte by dealing with topics such as racial issues, health and the upcoming November elections and more. These issues are tackled on Community Focus Live, a one-hour show hosted by wpeg news director, Sheila Stewart, and airing on Sundays.

WPEG will interrupt regular programming to air breaking news and emergency information as it did earlier this year when the entire State of North Carolina suffered through a horrible ice storm and thousands were without power. We aired updates around the clock to let listeners know where they could go for shelter and safety.

Localism doesn't just mean that we air news and public affairs. WPEG has a specialty one-hour program

called Future Flavas which showcases local talent and new artists in the industry. Local artists featured on that program have included Low Key, and Infinique, who incidentally has signed a record deal with Rico Wade of the Dungeon family in Atlanta.

Our on-air personalities are part of the community also. Our own Breakfast Brothas Morning Show do a series of block parties in low-income neighborhoods. Janine Davis, who is part of the Breakfast Brothas Morning Show, and yes, there is a lady in the Breakfast Brothas Morning Show, she's active in Girl Talk Foundation, a nonprofit group that reaches out to girls in schools and the seminars talk about abstinence and building self-esteem and image.

10

11

12

13

14

15

16

17

18

19

20

21

All in all, in conclusion our stations would not be where they are without our African-American Communities. We do countless events in our communities on a daily basis. Thank you.

CHAIRMAN POWELL: Thank you very much. Next is Mr. Jim Goodmon, president and CEO of Capitol Broadcasting. Mr. Goodmon.

Thank you. I want to -- don't start MR. GOODMON: the clock. A personal privilege here for thirty seconds. don't like rude. And I think the person who spoke, while he certainly did have his own opinion, was rude to Tift, and I 25 don't like that.

I don't know -- I can't find, maybe somebody else can, anywhere in the Communications Act that it says that we're -- that the goal for capitalism or free market is to make all the money we can. I can't find it. The only thing I can find is localism, competition and diversity.

And for somebody to say that his goal is to try to keep the Viacom stations on the air, that's the funniest thing I've ever heard. Those guys are doing fifty percent profit margins and are doing just fine; they're the biggest company. So I just had to respond to that and start the clock.

## (Applause.)

The questions -- your guys, Mr. Chairman, put together some questions that we should think about for the hearing, and I think they did a great job. They really did a good job and I want to speak to one of those questions, number six.

What if anything should the Commission do to promote localism? Are existing market incentives sufficient to ensure that broadcasters adequately meet the needs and interests of their communities?

Well, in responding to that question I want to talk about the two rulemakings that you all have before you. One is the quarterly reporting rulemaking and the other is the minimum public interest standard.

And what we did with the Gore Commission, quickly is everybody agreed -- everybody in this room agrees, everybody that knows agrees, every broadcaster agrees that broadcasters should serve the public interest.

The Commission, the Gore Commission in looking at that, we all agreed that there should be standards, that there should be minimum standards. I mean, how can you operate without standards? Now, we couldn't agree on what the standards should be, but we agreed that there should be minimum public interest standards and we proposed some very broad ones.

2 Q

And I hope you all looked at that rulemaking because I think just the adoption of some standards will get us all thinking about it, and will really improve localism.

The second thing is the truth is that we all need to sit down and talk about this, because we all know -- everybody that -- I'm not suggesting that broadcasters serve the public interest or don't serve it. I'm just saying that there's no reporting systems that anybody knows. In particular, the public doesn't know.

So that's why the Gore Commission proposed a new quarterly reporting form that would give some more information to the public about how the station is doing. I am -- you've never heard me say that and you won't, that I think our stations are better than anybody's. I'm not

saying good, bad or indifferent. I'm saying the truth is we don't know.

There's no system by which any data is collected to set any sort of standards in terms of serving the public interest. And I hope -- I've read these -- I've learned some -- I've got some ideas for our stations today from this hearing. I hope these hearings don't hold up those rulemakings.

We've got to get the minimum public interest standards done, we've got to get rulemaking done. And, Mr. Chairman, I can't ask -- I could, but I can't ask you for must carry if I'm not committed to serving the public interest. That's why I get it and you won't tell me what it is.

Now, that's an oversimplification, but do you see what I mean? The whole idea is we're supposed to serve the public interest. Tell us what the minimum standards are, you got a rulemaking, tell us what reporting is, you got a rulemaking, and we can really roll and really get into a discussion about what all this is.

When you were on the Commission I did this, so this Gore Commission was five years ago. But I think this makes sense. Minimum standards -- you know, show me an industry without standards, and I'll show you an industry without standards. I mean, I'm not saying that the

broadcasting industry is bad. I think there are great broadcasters and I think they're doing a good job.

But we can't have this discussion in terms of talking about how good we're doing if there's not some reference point. I just really hope that we can get to those two rulemakings soon. Thank you very much.

1 d

11

12

13

14

15

16

17

18

19

2 d

21

22

CHAIRMAN POWELL: Next we have Ms. Mary Klenz, Copresident of the League of Women Voters of North Carolina.

Welcome.

MS. KLENZ: Welcome to Charlotte, Commissioners, and Chairman Powell. I'm also the past president of the Charlotte-Mecklenburg League of Women Voters, and I would like to speak tonight to you about some of the concerns that my organization have.

The League of Women Voters is very concerned with the high cost of election campaigns, which is directly related to the cost of TV advertising, and also concerned with the decline in public affairs coverage and how these factors relate to civic participation, like running for office and voter turn out.

One billion dollars was spent on political TV advertising in the 2002 election. That was 25 percent of all the money spent in all the campaigns. Only 50 percent of eligible North Carolina voters turned out in the 2000 election.

Meaningful political coverage has declined over the last thirty years. Citizens get a majority of their news from TV and radio, and that main source of information is available only through political ads. That really does our democracy a disservice. It becomes a self-perpetuating spiral downward. Less information, less voting, less information.

It is unfair that broadcasters charge such high prices for political ads the closer it gets to election day. The airwaves belong to the public. They use them at no charge with the understanding that they will serve the public good. The League of Women Voters believes that they are not living up to their part of the bargain.

**d** 

2 d

Broadcasters have an abundance of talent and creativity at their disposal. The weather is interesting, commercials are effective in getting a message out, and they make outstanding use of graphics, color and design.

Why can't all that talent be directed to programming that informs the public on issues, voting, elections and who is running for office? Let me cite a few examples of how effective TV can be when it becomes involved in these issues.

The League used to be invited to answer viewer questions on local TV stations during election time. I was astonished at the number of calls we received; many times

over 200 calls within a two-hour period. Without exception we couldn't begin to take all the calls. Regrettably that practice was discontinued.

WTVI is our local PBS station and it is known for its local programming. The League has partnered with them on candidate debates for elections of city council, mayor, county commission, school board and the three U.S. house districts represented in our area.

I don't know of any other time when all local candidates on the ballot in these local elections answered questions before an area-wide TV audience. This is done with volunteers working with WTVI and we continue to receive positive feedback from both voters and candidates.

1 d

13

14

14

2d

21

22

23

25

We are concerned that business concerns seem to 15 have overtaken -- seems to have taken precedence over the public interest. You Commissioners have the job of figuring out how to balance these concerns with the obligations that broadcasters have to provide meaningful information to the public about voting and elections. From everything lay members report to us, they are not getting that now. Thank you.

Thank you. Mr. Rustin, the CHAIRMAN POWELL: Director of Government Relations, North Carolina Family Policy Council.

MR. RUSTIN: Thank you, Chairman Powell and

Commissioners for holding these hearings and for providing the North Carolina Family Policy Council the opportunity to participate.

The responsiveness of radio and television broadcasters to the needs and interests of local communities and to the standards that define these communities are of critical importance to the issue of localism.

While families across North Carolina and the nation have an ever-increasing number of radio and television programming options, this growth in choice does not necessarily translate into higher levels of local consumer satisfaction. In fact, we are hearing more concerns from both parents and children about the offensive and indecent content that pervades much of television and radio programming and advertising today.

1 Q

11

12

13

15

16

17

18

19

2 Q

21

22

23

The growth in competition for market share appears to be driving many to continually push the envelope of content and decency. The current trend toward so-called reality shows is a prime example. Although these shows may not rise to the level of indecency, they are designed to cater to the base interest of the viewer.

In North Carolina we are fortunate to have the leadership of individuals like Jim Goodmon, whose CBS and 24 Fox affiliates preempted a number of these programs because they demean marriage and family and run counter to local

community standards. If these stations were not locally owned and operated, there is little doubt that these programs would have been aired in the Raleigh-Durham area.

For this reason the North Carolina Family Policy Council testified at an FCC field hearing on media concentration in March in opposition to the proposed increase in the national media ownership cap. We believe that a station owner who resides in his or her own local community is more likely to understand and respond to local standards than someone making programming decisions from hundreds or thousands of miles away.

11

12

13

14

15

16

17

18

19

2 q

21

22

23

Even communities fortunate enough to have some responsive local broadcasters are still often overwhelmed by indecent radio and television content. Consumers must have a reliable system to address offensive and indecent programming.

Because the viewing and listening public bears the burden to prove the content and the context of reported indecency, requiring local broadcasters to maintain and make available several months of programming tapes or transcripts, would aid citizens in their efforts to ensure that community standards are being upheld.

In addition, consumers rely upon the FCC to ensure 24 that broadcasters are truly serving the public interest. 25 Strict enforcement of indecency and obscenity laws and

regulations are critical. We thank the FCC, for example, for its recent action regarding indecent content on the Opie and Anthony Show.

However, more swift and consistent enforcement action, including higher-level fines and the initiation of license revocation hearings, especially for repeat offenders, would instill a higher level of public confidence.

Localism at its core requires the involvement of the local citizens. Providing a system of local programming that is respectful of community standards, as well as a realistic and responsive enforcement mechanism for addressing indecency violations, will encourage citizens to become more involved in local broadcasting and will help to ensure the quality programming we all desire. Thank you.

10

11

12

13

16

18

19

2d

23

24

25

CHAIRMAN POWELL: And finally Mr. Michael Ward, General Manager of WNCN-TV.

MR. WARD: Good evening, Mr. Chairman,
Commissioners, Ladies and Gentlemen, Representative Price
and Representative Watt. My name is Michael Ward. I'm the
general manager of WNCN-TV, the NBC owned and operated
television station in Raleigh, Durham. That's right; I'm
one of the big guys that everybody has spoken unfortunately
about so badly about this evening.

I've spent more than a quarter century working in

television, starting out in my home state of South Dakota as a photographer to my current position here as a key decision-maker for NBC and its operation of its television station in the Raleigh-Durham market.

Across that career I've worked many jobs at many television stations and many different -- and for many different kinds of owners, and I've learned one thing is true about TV. Successful television stations, regardless of who they're owned by, regardless of the money behind them or the lack of money behind them, are successful for three reasons: local involvement, local relevance and local 12 acceptance.

It doesn't matter where they go or whence they 14 came from. Without those three things embraced by the 15 television station, the station will die.

1 d

11

13

16

17

18

19

2 d

21

23

24

25

The recent ownership of our station is a good ' example. Almost seven years ago WNCN was owned by a company that provided paid programming, religious programming and home shopping as it filled its air for its viewers. Since NBC purchased the television station almost seven years ago now, that low-cost cutting program strategy that did not work has been replaced by a television station committed to local relevance, local involvement and a gain of local acceptance.

A few of the things that we've done during that

time, of course, is add about sixty percent more local news than was available before we came. We've added a half hour public relations or public affairs shows. We've set a set standard of public affairs announcements, public service announcements on our air.

We've produced a number of programs for various charitable and service organizations across the state. We produce an annual show for the NAACP; we produce an annual live ecumenical church service from downtown Raleigh on Easter morning. We produce a weekly half hour local artistoriented music show featuring club artists in Chapel Hill, Durham and Raleigh.

2 d

We broadcast countless specials, we provide realtime closed captioning of every special news event that we do, and most recently preempted prime time programming for two live mayoral debates for the local mayoral race of interest in our market.

We produce healthcare, blood drives, breast cancer research drives and on and on and on. But perhaps most importantly we require that every one of our department heads and employees participates actively on a church board, a local service board, charitable institution board, because it's their personal conduit to our community that counts the most in the actions that we take.

What's happened because of this? We're doing a

lot better businesswise. And the reason I come to speak to you tonight is to tell you that local service is good business. It's practiced by most all, if not every single broadcaster in the State of North Carolina associated with the State's Broadcaster's Association, it's practiced by NBC and its owned and operated television stations, both English language and Spanish language.

Commissioners and Mr. Chairman, I'm proud to tell you that the rules as they exist right now for the support and development of localism work and we're a shining example of the reason why.

Thank you for your time and I welcome your questions.

1 d

11

14

13

14

15

16

17

18

19

2 d

21

22

23

24

I'm going to tell you, the hour CHAIRMAN POWELL: has gotten late and we've cut into the questions because of extending the open mike. I will present one and I think we're going to wrap it up and let anyone who wants to speak with Commissioner Copps of our staff, do so. I'm just going to direct this to Mr. Goodmon.

I found it interesting I got an E-mail from a member of this Charlotte community. He says he wants to register a complaint, and I don't know if this is your station, WBTV, Channel 3 Charlotte.

This station is constantly preempting regular CBS 29 programming for local broadcasts such as St. Jude's. So far this year they've preempted programming three times, then they put the regular programming on at 2:30 in the morning.

I hate this.

I'm missing the ACC basketball, which is like religion here.

(Laughter.)

1 d

11

12

13

14

15

14

17

18

19

2d

21

22

23

24

CHAIRMAN POWELL: I guess that raises a question that preemption is an important part of local programming, but the consumers also have a desire to see some of the programming that comes from the national audience and is important to them as well.

Can you tell us a little bit about the thought process of when to preempt and when you represent the view of the community and how you do that?

MR. GOODMON: We're not WBT.

CHAIRMAN POWELL: I didn't think so.

MR. GOODMON: I wish we were.

(Laughter.)

MR. GOODMON: No, I don't. But it's interesting; in Raleigh we are a CBS affiliate and we have ACC basketball and we're sort of in a duplicate situation. I haven't found that -- I mean, our preemption pattern is such that the community is used to it. That is, they know we're going to do ACC basketball. They're used to our preempting for specials every now and then and they are also used to how we

handle it, which is we run it later at night.

10

11

12

13

14

15

14

17

18

19

2 Q

21

22

23

Obviously there's some fans of a weekly show that are disappointed when we preempt it for basketball, but I really believe our preemptions are so predictable as WBT's that it's not a problem.

Digital is going to help this a lot. For example, we can run a couple of things. We can do basketball and CBS on digital, and moving into digital is going to help us in a lot of these areas.

COMMISSIONER COPPS: Can I ask a quick question on preemption while we're on the subject, because this goes more to community values and local values and I'm interested

CHAIRMAN POWELL: I don't mean to cut you off, Commissioner. I just want to -- I also have to catch a plane regrettably, and I just wanted to let you finish your question, but to take the opportunity to thank the people of Charlotte.

I found this a useful and important and meaningful I appreciate your patience, I appreciate your commitment, and I really think it's been a very valuable exercise.

On behalf of myself and the staff at the Federal 24 Communications Commission, I applaud you and thank you for 25 your efforts and enjoyed your hospitality. Thank you very much.

COMMISSIONER COPPS: I'm interested in kind of the decision-making process. I know, Mr. Ward, you run an owned-and-operated station. How many programs have you preempted in the period of the last year because of your feeling that perhaps they were contrary to the values and sensibilities of your community?

MR. WARD: I have not preempted based on my sensibilities of the community and its values. We've preempted for news specials, we've preempted for local events that we felt overrode the importance of what the network offered or the other programming we had available.

COMMISSIONER COPPS: Let me ask Mr. Goodmon that. Have you felt the need to overrule what the network fare was for your community?

MR. GOODMON: Yeah, we -- yes, sir, and it had -yes; the answer is yes. I mean, we just decided rightly or
wrongly, just we decided that we're not going to make fun of
marriage. And we can't clean up television; there's all
kind of violent stuff all over television, and we just said
there's a line here and if people are going to meet each
other, then get married ten minutes later and fly off
together, and we're not going to do that.

And we just did that and I appreciate people thanking us, but I don't -- we're not right or wrong or

anything. It's just a decision that we made. I think, you know, we have a problem that the network will not give us the material ahead of time, so we have to go on what we hear about the program, we talk to the network about it, what we read about it in the press. Sometimes we can get a prefeed, but on reality programs we can't. So just on the marriage thing we said no deal.

COMMISSIONER COPPS: Let me ask you a general question, and if anybody else wants to comment on it perhaps they could.

1 d

11

13

14

15

14

17

18

23

But kind of the message I take from this meeting 12 tonight is people in this community impart great value to localism, and I think they're proud and congratulatory of those broadcast outlets who are nurturing and nourishing localism. And I take away an equally strong feeling that people are, by and large, alarmed that there are serious threats to localism.

And as we wind this hearing up, I'm just trying to 19 get clear in my own mind, how do you start to get at 20 something like this? Some say that, you know, we shouldn't be talking too much about structural rules, maybe these 22 ownership rules.

But what I'm hearing in this audience is a lot of 24 people are saying that structural rules and loosening the 25 ownership cap that the Commission voted may be pernicious to the cause of localism. Others say that no, that's a cumbersome way to go about spurring the public interest and encouraging the public interest and that there are some sorts of behavioral rules as a whole menu of those.

Is there some kind of silver bullet here or are we looking at really a mix whereby we have to address -- if you're going to talk intelligently about localism, we have to address not just the behavioral rules, the licensing renewal and all that, but also be cognizant of the lingering effects of those structural decisions.

Let me ask Jim to start with that and anybody else that wants to comment.

I mean, MR. GOODMON: Right. I think it's a mix. we have multiple ownership and in many cases it's working fine. I mean, what we're talking about is you all just passed a rule that one company can own 370 television stations.

COMMISSIONER COPPS: Don't say you all because I 19 wasn't a part of that.

(Laughter.)

10

11

13

17

18

20

21

22

23

24

25

MR. GOODMON: I mean, I'll tell you, we've got a great group of owners. The question is what is the -- how far do we go with this. And I think most people think we've gone about far enough.

I would say that the single most important

determinant of how a station operates is who owns it. I mean, it ought to be. Now, you can have all the rules you want to about what your stations are supposed to do, but, you know, the stations reflect the owner.

And the larger the owner gets by definition, just by definition, the more the corporate welfare -- the larger it gets, the more the corporate welfare drives the bottom line, which means by definition there'll be less attention to localism. By definition. I mean, that's just an economic definition.

I don't think Jim -- I don't think the groups are too big now. I think we've got a good -- I don't think anybody's saying we should go back. I think all we're talking about is how far we want to go. But I think there -- the answer to your question is both; I think we should have both.

2 dj

COMMISSIONER COPPS: Does anyone else care to comment?

MR. KEELOR: Well, I agree with Jim; I think the ownership makes the difference. And again, speaking only for our company and I'll give a personal opinion here that some broadcasters would disagree with, but I don't think there's -- every acquisition we've made in the last three years has been a private owner.

And we have immediately taken a profit loss in

that acquisition because of the cost of a benefits plan, because of the way you wanted to outfit the station, and the way we wanted them to serve the community.

But we took that step back knowing when we made those investments, three to five years from now we would be ahead of the game and we were willing to do it. Clearly not a lot of companies can do that. We're in an unusual position.

But the statement that I would make is that I think I would be willing to accept additional public defined interest standards if I were allowed to own two television stations in the same market. And I know Commissioner Copps does not favor that position, but let me tell you folks, a lot of these complaints about radio, half the radio stations mentioned wouldn't be on the air today had consolidation not happened, and radio business was out of the business in a period, dead air. Consolidation saved it.

2 d

Now, some of the things you've heard we don't like; I agree with that. The point is in some television markets that's going to happen if we don't allow consolidation. We need to allow consolidation; it needs to be with the right owners who are willing to make the right commitments.

But I have to tell you, I can wake up tomorrow morning and in Columbia, South Carolina where we have had

the number one station for fifty years, and I'm really proud of what they do, we are being penalized because under the new rules, the newspaper can buy up a second television station in the market tomorrow morning, the cable system can buy up a third, the radio group in there can buy the fourth, and because I'm the leading station, I can't buy anything.

Show me the balance and the fairness and the equity of that. That we have now been penalized under the rules for being the number one station and serving our community. That cannot stand and that's why we're supporting the court action against it.

1 d

But I would support public interest standards of a defined basis in order to do -- into the middle and small sized markets. That's my position, not maybe my company's position. It certainly isn't probably any of these positions or anybody else's.

But I agree with Jim; ownership makes all the difference in the world. And one of the toughest things that's happened is when the FCC changed the rules that allowed the financial players to get into the business, and in three years turn them around and cut them to pieces, then sell them again to somebody else. And there's a whole wave of money out there waiting to do the same damn thing because they've called us.

So, I mean, if I were to ask the Commission do

anything, it's to look at the responsibility of what an owner has to do, what he has to do to invest in a station, and how long he has to keep it.

COMMISSIONER COPPS: And I think that point about public interest standards and DT broadcasters are so integral. And to his credit, the Chairman has done a masterful job in trying to encourage the digital television transition, and getting the mechanics of that straightened away and commitments from the broadcasters and cable and everybody.

1 d

q

But here is this gaping hole that you've talked about, the central overriding question, how is the ability to multicast going to be used to benefit the public interest; and we have not done justice to that. I think we are going to get it teed up, I hope we can get it teed up because there's nothing more important we have do.

I am certainly willing to stay around here and perhaps some of the panelists are too, but I know some of us have to get home and they have commitments.

On behalf of Chairman Powell and Commissioner

Adelstein and myself, I want to thank everybody who has been a part of this hearing and the panel. This has been very helpful I think to the Commission and we look forward to doing other hearings around the country.

So thank you, Charlotte, and thank you, North

```
151
```

```
Carolina, for helping us.
         (WHEREUPON, the hearing was concluded at 9:04 P. M.)
1 d
11
12
13
14
15
14
17
18
19
20
21
22
23
24
25
    STATE OF NORTH CAROLINA )
```

COUNTY OF MECKLENBURG

I, JoAnn M. Harris, Official Court Reporter, do hereby certify that the aforesaid proceeding was taken and transcribed by me, and that the foregoing one hundred-fifty (150) pages constitute a verbatim transcription of the testimony of the foregoing proceeding. I do further certify that the persons were present as stated.

I do further certify that I am not of counsel for or in the employment of any of the parties to this action, nor do I have any interest in the result thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this 7th day of November, 2003.

> JoAnn M. Harris Official Court Reporter